

EXTENSIONS OF REMARKS

HONOR FOR PUBLIC SERVANTS

HON. GEORGE MILLER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. MILLER of California. Mr. Speaker, government employees don't have much of a cheering section these days. The men and women who work diligently and conscientiously to serve our citizens and make government operate seem to be bearing more than their portion of the blame for what's perceived to be wrong with the world. The critics are relentless.

So, it is particularly noteworthy that in a recent commencement address at the University of California at Berkeley, the Commissioner of the Bureau of Reclamation, Dan Beard, a self-confessed public servant with much pride in his years of service, extolled the virtues of public service. His message to the graduates was that the public employees who are being denigrated are not strangers but our friends and neighbors, whose responsibility is foremost to serve the public good.

I know the Commissioner to be an exemplary public servant from his service as the Staff Director of the Water and Power Subcommittee during my chairmanship, and later as the Director for the Full Committee during my tenure as chairman. And I am gratified that he has taken this opportunity to speak out on behalf of public servants, and to challenge those who demean their contributions and their service.

I would call to my colleagues' attention the following excerpt from the Commissioner's address at Berkeley printed earlier this month by the San Francisco Chronicle.

The article follows:

[From the San Francisco Chronicle,
June 14, 1995]

THE MYTH ABOUT PUBLIC SERVANTS
(By Dan Beard)

I have a confession to make: I have worked in government for more than two decades. Even more scandalous, I am a political appointee who believes it is an honor to work with career public servants.

I guess those are dangerous things to admit these days, given the strong undercurrent of suspicion and mistrust surrounding public service. But they are beliefs I have expressed throughout my career—and they are especially important to emphasize now that I am leaving government.

We seem to be awash in a steady media diet of supposed examples of government employees who have gone too far. Of power-mad bureaucrats harassing private citizens or squeezing the life out of small businesses and property owners.

For a growing number of critics, everything that government does is viciously wrong, or at least hopelessly wrong-headed. According to them, we cannot rely on public servants to strike a fair balance between the public good and economic security.

Most of the critics of government rely on a volatile mixture of myth and innuendo to make their case. They ignore the amazing contributions that millions of government workers have made to American prosperity, peace, happiness and yes, freedom.

How completely different is today's atmosphere from the beginning of this century, an era dominated by the first true Republican reformer, Teddy Roosevelt. Roosevelt believed most deeply and passionately in the values of public service.

"The first duty of an American citizen," he once said, "is that he should work in politics; the second is that he shall do that work in a practical manner; and the third is that it shall be done in accord with the highest principles of honor and justice."

Roosevelt spent five years as a member of the U.S. Civil Service Commission, and as its leading reformer worked to dismantle the spoils system and institute what we have today: a merit-based civil service system.

Before we malign government workers, let's think about who they really are. They are the people who led the rescue in Oklahoma City—not who caused it. They are the ones who are charged with apprehending those suspected of being responsible. Every day, they make their contributions to society, ensuring our food is safe to eat, the water fit to drink, and the air clean enough to breathe, teaching our children to read and write, protecting our neighborhoods and our nation as a whole.

Public servants are not monsters, and they are not strangers. All of us know them—they are our neighbors, friends, parents, children.

They are not, as the National Rifle Association would have us believe, "jack-booted thugs" who thrive on intimidating law-abiding citizens.

They are there to serve. Yes, they should be held strictly accountable and be efficient. And yes, sometimes they will do things that annoy us. Who wants to be given a parking ticket—until someone blocks us in or out by parking illegally.

Who wants to be made to conform to strict environmental laws—until we want clean water and air. Who wants government at all—until we want well-maintained highways, first-class public universities, tremendous medical and scientific technology, incredible national security and so on.

Public servants should not be castigated for doing their jobs. Most do a job that we couldn't do without. They deserve our respect.

The highest reward for any work is not what you get for it, but what you become by it. It is the goal of most government workers that our country becomes better by their work.

We should and do have vigorous and honest debate about what our government should be involved in. But, we can have it without vilifying public servants.

To all our nation's public servants, I say "thank you." You do a great deal of good for this country and the world—much, much more than many now give you credit for.

IN HONOR OF GILBERT HERRERA,
OUTSTANDING YOUNG TEXAS EX

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. HALL of Texas. Mr. Speaker, it is my privilege to rise today to pay tribute to Gilbert A. Herrera, a recipient of the 1995 Outstanding Young Texas Ex Award. Gilbert was a page in the Texas Senate during the time that I was a Texas State Senator, and we have been great friends ever since. Gilbert's intelligence, enthusiasm, and commitment to excellence have served him well, culminating with this prestigious honor.

The Outstanding Young Texas Exes Award has been presented annually since 1980 by The Ex-Students' Association to four alumni under the age of 41 who have excelled in their chosen fields of endeavor and have shown loyalty to the University of Texas. The 1995 award was presented during University of Texas' spring commencement ceremonies on Saturday, May 20, 1995.

Gilbert graduated from University of Texas in 1978 with a BBA degree in finance. He is a principal of G. A. Herrera & Co., a private investment banking firm with offices in Houston and Austin, and he is also a consultant on corporate governance. Gilbert previously served in a variety of corporate finance and banking positions. In 1993 he was appointed by the Supreme Court of Texas to the Commission for Lawyer Discipline, where he serves as chair of its budget committee.

Gilbert also has been active in community service. He is a member of the board of advisors for the Texas Product Development Commission. In Houston he served on the Houston Parks Board and as trustee of the Harris County Mental Health and Mental Retardation Authority, where he chaired the Legislative and Employee Benefits Committees. Gilbert is a life member of the Ex-Students' Association, a lifetime member of the Century Club, a member of the Littlefield Society, the University of Texas Chancellor's Council, the MBA Investment Fund, L.L.C., and the Longhorn Associates for Women's Athletics.

Gilbert and his wife, Kari, have been personal friends of mine for many years. Today, I join their family and many friends in offering my sincere congratulations to this outstanding young Texas Ex on his selection for this recognition. His achievements are a source of pride for his family, his friends, and the University of Texas, and I know that he will continue to distinguish himself in his profession as well as in his service to his community, his State, and his country.

● This "bullet" symbol identifies statements or insertions which are not spoken by a Member of the Senate on the floor.

Matter set in this typeface indicates words inserted or appended, rather than spoken, by a Member of the House on the floor.

MEDICAL SAVING ACCOUNTS: NOT A CURE

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. STARK. Mr. Speaker, Medical Savings Accounts—MSAs—are the latest fad sweeping Congress and are seen as an easy way to solve the health care insurance crisis.

Wrong.

They are a brilliant scheme by some profit-hungry insurers to skim healthy people out of the insurance pool and increase health care premiums for the sick, the disabled, and those planning to have a baby.

The Washington Post editorial of June 29 entitled "Not a Cure" explains the problem:

[From The Washington Post, June 29, 1995]

NOT A CURE

In the name of health insurance reform, a proposal is being advanced in Congress whose effect could well be to weaken rather than strengthen the health insurance system. To some extent that's even its goal. It's an idea that should be approached with the greatest caution.

The proposal is to change tax law to allow what are known as medical savings accounts. Instead of normal insurance, a person or his boss would buy a high-deductible policy that would kick in only after the first several thousand dollars a year of medical expenses. To help pay the uninsured expenses, the individual or employer would then also put some money in a special savings account. The savings account contributions, whether made by the employer or the beneficiary, wouldn't count as part of the beneficiary's taxable income.

The new wrinkle here would be that part of the "insurance" would be in cash that the employee could keep in the account for future use if he didn't spend it all. Advocates say the great virtue is that the employees would have an incentive they currently lack to limit their health care spending while increasing national savings. They add that the health care costs of employers would likely decline under the plan, while the cost to the government would increase only marginally (in part because more people would be at least partially insured).

The problem is that the savings accounts would likely split the insurance market. The healthy would be drawn to the new system. The others—those likely to face high costs—would not. Health insurance is supposed to be a system for spreading risk. You put as large a cross-section of premium payers as possible into a common pool, and the healthy at any given moment then support the sick, secure in the knowledge that when they become sick in turn, they too will be supported. To the extent that you take away the healthy, the sick are left to support themselves, and the system unravels.

The American Academy of Actuaries commissioned a study of the savings account idea. "Employees who have little or no health care expenditures stand to reap a real financial reward. The biggest losers will be employees with substantial health care expenditures," said the head of the study group. The head of Blue Cross and Blue Shield of Ohio calls the proposal "the ultimate 'cherry-picking' scheme invented by some insurers to guarantee themselves large profits by only insuring the healthiest among us."

The risk is the greater if people can ultimately use the medical savings for non-medical purposes. A bill by Chairman Bill Archer of the House Ways and Means Committee, on which a hearing was held the other day, seeks to prevent that. Some people doubt that for all the debate it has stirred the bill would have the momentous effect that either side expects, and therefore that it's safe to enact. That's not much of a claim for it. Congress should look twice at this one.

TRIBUTE TO ROBERT WELSH, JR.

HON. PETER J. VISCLOSKEY

OF INDIANA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. VISCLOSKEY. Mr. Speaker, it is my honor to commend to you and my other colleagues a distinguished citizen of Indiana's First Congressional District, Mr. Robert Welsh, Jr., President and Chief Executive Officer of Welsh Oil, Inc. Bob, whose executive office is located in Merrillville, IN, has used his "grow or go" philosophy to make his business the success that it is today.

While today Bob is the mainstay of Welsh Oil, Inc., his father founded the company on St. Patrick's Day in 1925 with a one-pump gas station located at 5th and Virginia in Gary, IN. Since then, the company has flourished, diversifying into convenience stores, four truck plazas, and an oil delivery service with a total of 57 locations in Indiana, Michigan, and Virginia. The Merrillville-based company grossed \$151 million in sales last year. However, Bob gives credit for the success of his business to his dedicated, hardworking employees.

As if running a multi-million dollar company were not enough, Bob has donated his time and money to numerous causes and community service groups. Last year, Welsh Oil solicited \$84,700 from the individual Welsh Oil stations while corporate donations brought the total donation to \$100,000. In addition, Bob is on the boards of NIPSCO Industries Inc., NBD Bank's Merrillville Region, the Northwest Indiana Forum, the Northwest Indiana Entrepreneurship Academy, Zollner Industries, Lakeshore Health Systems, and Catholic Charities. He is also on the Board of Regents of St. Mary's College in Notre Dame and has served as chairman of St. Mary's School of Finance and Investment Committee.

As a result of Bob's charitable contributions to Northwest Indiana, Bob is one of three finalists for the Ernst & Young Illinois/Northwest Indiana "Entrepreneur of the Year" award that will be decided in December, 1995. To be considered for this distinguished award, one must be nominated by his colleagues or employees. This award recognizes entrepreneurs whose success is exemplified through their financial performance and personal commitment to their business or community.

However, this is not the first time that Bob's hard work and achievements have been recognized. Previously, he was awarded the Entrepreneurial Lifetime Achievement Award for the Northwest Indiana Small Business Development Center, the Asian-American Medical Society's Crystal Globe Award, and the President's Medal from St. Mary's College.

In between Bob's business and his community service, Bob has time to appreciate the finer things in life. Bob and I share a passion for the University of Notre Dame from which we both earned degrees. Bob is currently a trustee of the university and serves on three board of director committees. Notre Dame has recognized his contributions to the university by naming him Notre Dame's Man of the Year.

Bob is truly a remarkable man. Along with his professional and civic responsibilities, he and his wife, Kay, have also raised a wonderful family. Indeed, their proudest accomplishments are their five children. Mr. Speaker, I applaud Bob for successfully achieving the "American Dream." May the future continue to hold great things in store for this fine man.

B-1B RECORD FLIGHT AROUND THE EARTH

HON. CHARLES W. STENHOLM

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. STENHOLM. Mr. Speaker, in Texas several weeks ago, two B-1B bombers established new around-the-world records and made aviation history. I am proud to say this historic flight started and finished in Abilene, the city known as the star of Texas.

On Saturday, June 3, 1995, at Dyess Air Force Base in Abilene, TX, two B-1B's landed at 3:23 and 3:24 p.m. completing a historic, nonstop, around-the-world flight. This occurred in conjunction with Dyess Big Country Appreciation Day, symbolizing both the 10-year anniversary of the B-1B at Dyess and the base's appreciation of the local community. The landing, greeted by cheers and applause, reflects the closeness and cooperation of the Abilene and Dyess Air Force Base community. More importantly to the American people, this performance demonstrates the B-1B's unique ability to meet our Nation's present and future defense challenges.

When confirmed by the National Aeronautics Association, the planes will have officially made the fastest around-the-world flight using aerial refueling. This record-breaking event accomplished the practical purpose of demonstrating the long-range, power-projection capability of the B-1B.

I am pleased to describe this successful mission, termed "Coronet Bat." It challenged crews and maintainers to prepare for the launch of four B-1B's on June 2, at 3 a.m., with two scheduled to fly the unprecedented nonstop flight around the world. As planned, one B-1B recovered at Langley Air Force Base in Virginia, another at Lajes Field in the Azores, while the primary two B-1B's successfully circumnavigated the globe and returned to Dyess Air Force Base in 36.4 hours.

The flight routed B-1B crews over the North Atlantic, through the Strait of Gibraltar, across the Mediterranean Sea, south to the Indian Ocean, north over the Pacific Ocean to the Aleutian Islands, southeast of the western coast of the United States and back to the Lone Star State's Dyess Air Force Base. The successful completion of the Coronet Bat demonstrates the immense capability of the

B-1B and reinforces its position as a vital contributor to our conventional bomber force.

Let me further emphasize the meticulous planning, requiring support across Air Force commands, that went into this highly successful mission. Global power missions, such as Coronet Bat, provide valuable training in peacetime for air crews and maintainers preparing for quick response to any major regional conflict. More importantly, this mission mirrored a realistic training scenario for wartime taskings by dropping practice bombs over the Pachino Range of Italy; in the Torishima Range, near Kadena Air Base in Okinawa, Japan; and in the Utah Test and Training Range.

Further proving the B-1B's ability to respond rapidly and decisively around the globe, this B-1B team overcame major obstacles. They encountered monsoon related thunderstorms over the Indian Ocean and a tropical depression associated with tropical storm Deanna near the Philippines. Crews received regular updates via satellite and radio throughout the flight to apprise them of upcoming weather. Together with onboard systems, the B-1B crews were able to avoid potential weather related problems.

A number of challenges were met by those people involved in this mission. It required a genuine team effort, designed to exercise the total force capabilities of our Nation's military. Lt. Col. Douglas Raaberg, who is the mission commander and 9th Bomb Squadron commander, credits maintainers, flyers and support personnel from all Air Force commands. He said, "it was a true Air Force team effort from the youngest airman on the flightline to the Thule Greenland radio operator who helped with radio telephone patches, to all those at the tanker units and staffs at different headquarters and wings." He further remarks, "It is global teamwork at its best."

The planes required only minor routine maintenance upon completion of this 36-hour flight. This is a real tribute to the durability of the B-1B. It reinforces the outstanding results of the recently completed congressionally mandated operational readiness assessment and highlights the Air Force plans for the B-1B conventional upgrade programs.

Mr. President, by meeting a number of different challenges over the years, the B-1B has earned justifiably the designation as the backbone of the heavy bomber force. This global power mission once again demonstrated the capability of the B-1B to deliver weapons to any spot in the world and return nonstop to the United States. In this period of budget constraints, I urge my colleagues to consider carefully how the B-1B is uniquely suited to meeting our Nation's present and future defense challenges before casting their votes on any defense measure affecting our heavy bomber force. The B-1B is an efficient and effective long-range bomber, and it should be funded as the centerpiece of American air power projection.

1995 MINI DEAF SPORTS FESTIVAL

HON. MIKE WARD

OF KENTUCKY

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. WARD. Mr. Speaker, I am proud to call to the attention of our colleagues a very special upcoming event in my hometown of Louisville, KY. The week of July 21-29 is the date of the 13th Annual Mini Deaf Sports Festival. The Festival is a week long sports competition involving deaf/hard of hearing young people from throughout the country. The event helps to educate the public on the special challenges faced by deaf/hard of hearing individuals. It also teaches festival participants how to face those challenges and overcome them.

Under the leadership of committed people like Timothy Owens, the Executive Director of the Deaf Community Center of Louisville, the Sports Festival strives to make the most of each participant's talents in the context of sports. The confidence and social skills that are a byproduct of healthy competition give these youth the one thing that is essential to that future success—belief in themselves.

Those who have worked so hard to give this gift to our deaf children have recruited many volunteers with the slogan, "Your Hands—Your Future." Their point is well taken. The futures of these young people directly depend on the hard work, dedication, and concern we show them how. It is a pleasure to lend my support to that cause, even in this small way, by recognizing and commending this effort to bring opportunity, hope, and a sense of belonging to these very special young people.

BRAWLEY BUSINESSMAN HONORED BY NAVY SECRETARY

HON. DUNCAN HUNTER

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. HUNTER. Mr. Speaker, I rise today to recognize a remarkable accomplishment by a constituent in my district, Mr. Glen Huber, of Brawley, CA. Mr. Huber recently accepted the Navy League of the United States and their national convention held in St. Louis, MO. Mr. Huber's work on behalf of the annual Navy Desert Outing was particularly praised.

Founded in 1902, the 68,000-member Navy League is a civilian organization dedicated to highlighting the need for seapower to ensure national security and economic well-being. During the League's national convention, Mr. Huber was elected national vice president for Legislative Education. His responsibilities will involve keeping Navy League members ad-

vised of congressional activity, specifically as it pertains to maritime issues. In addition, Mr. Huber will be charged with the task of informing Congress and their staffs about the significance of seapower and other related matters.

Established in 1986, the Navy League Desert Outing provides Navy Leaguers the opportunity to observe the Navy's demonstration flight team, the Blue Angels, perform intricate and precisely-coordinated maneuvers during their practice sessions. Navy League participants also attend a formal dinner with the Blue Angels team. This dinner provides the Navy Leaguers the opportunity to meet the young pilots, while promoting constructive interaction between the military and the local community. The following morning, the participants attend a ranch-style breakfast in the desert which features the opportunity to view the Blue Angels during their practice session.

For the last several years, Mr. Huber has served as the co-chairman for the El Centro Naval Air Facility's [NAF] annual air show. This event not only features the precision-flying Blue Angels, but also offers an inside look at NAF El Centro with its various aircraft, displays and exhibits.

Mr. Speaker, in an age where the role and importance of our nation's armed forces is often shrouded by various trivial issues and concerns, it is heartening to see citizens, like Mr. Huber, exhibiting this type of patriotic behavior.

RECOGNIZING THE CITY OF FRANKLIN, PA

HON. WILLIAM F. CLINGER, JR.

OF PENNSYLVANIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. CLINGER. Mr. Speaker, I rise today to recognize the city of Franklin, PA, on the bicentennial celebration of this community. It is an honor and a privilege to commemorate the residents of Franklin as they embark on their third century.

Deep in the oil region of Pennsylvania, Franklin is a community with spirit. Located in Venango County on the banks of the Allegheny River, there is a town full of beauty, natural resources, industry and historic significance. From the time of George Washington and the French and Indian War, this tract of land served to protect and enhance the lives of its inhabitants.

There was little activity until Andrew Ellicott built a fort to honor Benjamin Franklin. Once established as a fortification, Fort Franklin quickly grew into a village and subsequently into the prosperous city it is today. Franklin also offers stability to the community, as the seat of county government for more than 150 years.

Called the Victorian City, Franklin takes pride in the rich heritage established by the first pioneer settlers, and the industrial revolutionaries who drilled the first oil well. It is my pleasure to honor these first residents of Franklin for their achievements and for setting the standard of excellence that the community values today.

EDINBURG, TX, NAMED ALL-AMERICAN CITY

HON. E de la GARZA

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. DE LA GARZA. Mr. Speaker, at its ceremony in Cleveland this past weekend, the National Civic League announced it had selected the city of Edinburg, TX, as an all-American city for 1995. A finalist for the award 27 years ago, Edinburg is one of only 10 communities nationwide named by the League—and is, in fact, the only Texas town to be selected.

Chosen from 145 original entries, communities were evaluated on how well they addressed such problems as youth violence, affordable housing and downtown revitalization through grass-roots activism and collaborative problem solving. "Responding to unacceptable high rates of youth crime and violence, citizens, city agencies and service groups initiated a comprehensive package of crime prevention, anti-drug, mental health, education, recreation and employment programs," the awards announcement for Edinburg said.

This recognition is certainly a testimony to Edinburg Mayor Joe Ochoa, to the city commissioners Roy Pena, Pete Rodriguez, Toribio Palacios, and Ofelia De Los Santos, and to the people of Edinburg who have joined together to make their city such an outstanding community. It is truly a great honor.

At the awards ceremony Civic League Chairman John Gardner commented there is a paralysis and pessimism that infects too much of the country today, and that it is communities such as Edinburg which demonstrate the grassroots activism, can-do spirit and creative foresight needed to renew our country. I fully share those sentiments. Indeed, I think I speak for all of us in south Texas when I say how proud we are.

Congratulations.

INTRODUCTION OF LEGISLATION RELATING TO INDIAN TRIBAL GOVERNMENTS AND THEIR EM- PLOYEES

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. SHAW. Mr. Speaker, I rise today to introduce legislation which will help to address some very serious ambiguities currently found in the tax code relating to the availability of pension plans for Indian tribal governments and their employees.

Under current law, there are no salary deferred pension plans for Indian tribal governments and their employees. As far as we can tell, Indian tribal governments are one of only a few employers which do not have such plans available to them. Further aggravating matters, several tribes have purchased plans provided for under section 403 (b) of the Code from insurance companies, only later to find that such plans were not intended for their use. Those retirement funds, affecting several

tribes and thousands of tribal employees, are now in jeopardy.

One of the chief reasons individuals elect to work for an employer is based on a strong employee benefits package. Although many tribes are now competitive in the area of salary and health care the laws of the Federal Government have prohibited tribes from offering any form of salary reduction pension plan—one of the most sought after benefits offered to prospective employees. This is a basic matter of equity.

The proposal would provide that annuity contracts purchased by employees of Indian tribal governments qualify under section 403 (b) as tax-sheltered annuities. The Joint Committee on Taxation has estimated that this proposal would have a negligible revenue effect on Federal fiscal year budget receipts.

I am pleased to introduce this legislation today and I ask for the consideration of my colleagues.

INTERNATIONAL CONFERENCE ON CIVIC EDUCATION

HON. HENRY J. HYDE

OF ILLINOIS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. HYDE. Mr. Speaker, In a declaration issued on June 7 in Prague, participants at the CIVITAS PRAGUE 1995 conference pledged to create an international network to help make civic education a higher priority on the agendas of participating nations as well as on the international agenda.

The conference was one of the largest international gatherings of educators and representatives of the public and private sectors supporting civic education ever held. Four hundred twenty-five representatives from 52 nations participated. The conference was sponsored by 36 civic education organizations from North America, Eastern and Western Europe, and the former Soviet Union.

The declaration by CIVITAS participants asserts that civic education is essential for developing the support required for the establishment and maintenance of stable democratic institutions, economic development, national security, and for overcoming destructive religious and ethnic conflicts. The declaration also argues that civic education should have a more prominent place in the programs of all government and international organizations.

The text of the CIVITAS declaration follows. I urge my fellow Members to join me in supporting the declaration and in giving greater recognition to the need to improve civic education for students in the United States and in other nations throughout the world.

On June 2-6, 1995, representatives from fifty-two countries met in Prague at one of the largest international meetings on civic education ever held. The following is a declaration adopted by the participants. A list of the individual signers is available on CIVNET.

The wave of change toward democracy and the open economy that swept the world at the beginning of this decade has slowed, and, in some respects, even turned around. Religious and ethnic intolerance; abuses of

human rights; cynicism toward politics and government; corruption, crime and violence; ignorance, apathy and irresponsibility—all represent growing challenges to freedom, the marketplace, democratic government, and the rule of law.

All this makes clear how central knowledge, skills, and democratic values are to building and sustaining democratic societies that are respectful of human rights and cultural diversity. Once again, we see the importance of education which empowers citizens to participate competently and responsibly in their society.

Despite great differences in the more than fifty countries represented among us, we find many similarities in the challenges we face in our civic life. These challenges exist not only in the countries represented here; they also exist in other parts of the world, and in all aspects of social, economic, and political life. People involved in civic education have much to learn from one another.

It is time again to recognize the crucial role that civic education plays in many areas of concern to the International community: Shared democratic values, and institutions that reflect these values, are the necessary foundation for national and international security and stability; the breakup of Cold War blocs, while bringing much good, has also created openings for aggressive and undemocratic movements, even in the established democracies themselves; civic development is an essential element in—not just a side effect of—economic development. Investments and guarantees made by private enterprise, governments, and international financial institutions will fall where political and legal systems fall, and where corruption and violence flourish.

The challenge of civic education is too great for educators alone. They need far greater cooperation from their own peoples, governments, and the international community.

We seek increased support for civic education—formal and informal—from the widest range of institutions and governments. In particular, we urge greater involvement in civic education by international organizations such as the Council of Europe, the European Union, the North Atlantic Assembly, the Organization for Security and Cooperation in Europe, the United Nations, UNESCO, and the World Bank.

We seek an active personal and electronic on-line-exchange (through CIVNET) of curricular concepts, teaching methods, study units, and evaluation programs for all elements of continuing education in civics, economics, and history.

We pledge ourselves to create and maintain a worldwide network that will make civic education a higher priority on the international agenda.

TRIBUTE TO GEORGE MCKIM BARLEY

HON. PETER DEUTSCH

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. DEUTSCH. Mr. Speaker, I rise today to honor Mr. George McKim Barley, Jr., a seventh generation Floridian who leaves behind a legacy of leadership in the fight to save Florida Bay and the Everglades. Mr. Barley tragically died in a plane crash in Orlando, FL, on June 23, 1995.

George Barley will be remembered among the great conservationists like Marjorie Stoneman Douglas—author of "A River of Grass"—who brought national attention to the plight of the embattled Everglades ecosystem that stretches from Lake Okeechobee to the coral reefs of the Florida Keys. A passionate environmentalist, George Barley became Florida Bay's most visible and ardent proponent in Washington. His advocacy and dedication were vital to much of the progress made to date in Everglades restoration efforts. Unfortunately, Mr. Barley was killed pursuing this passion—his untimely death occurred while en route to an Everglades meeting with the Army Corps of Engineers.

Mr. Barley was the Florida Marine Fisheries Commission's first director. He was chairman of the Florida Keys National Marine Sanctuary Advisory Council from 1992 until 1995. He chaired Save Our Everglades Alliance—a family of organizations dedicated to a broad campaign of Everglades education, political action and restoration.

Mr. Barley was named the Florida Audubon's Conservationist of the Year for 1994. The Nature Conservancy, the Everglades Coalition, The Broward County Environmental Coalition and the Florida Outdoor Writer's Association also have given him awards for his volunteer work on restoring Florida Bay and the Everglades.

Perhaps George Barley's greatest contribution to the cause of Florida Bay and Everglades restoration was his understanding of the need to express environmentalism as an economic argument, a question of jobs and a future for ordinary people. As a successful businessman, he was well positioned to argue for the need to protect our natural resources in order to maintain economic prosperity. He will be long remembered and sorely missed by those of us working to preserve the Everglades and Florida Bay for future generations.

CONKLIN ACHIEVES ELITE ISO 9001 CERTIFIED QUALITY STATUS

HON. GERALD B.H. SOLOMON

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. SOLOMON. Mr. Speaker, Conklin Instrument Corp., a leading supplier of telecommunications network access products in my district of upstate New York, joined an elite group of companies which have had their quality systems certified under the international standard for quality, ISO 9001.

ISO is widely known for the ISO number on photographic film that established the standard for film speed. That standard allows all photographic film and cameras in the world to work together without problems. The ISO 9001 quality system standard allows suppliers and customers world wide to work together with the highest quality possible.

ISO 9001 specifies the characteristics of quality management system that gives mutual benefit to both customers and suppliers alike. It also requires an independent third party registrar to certify conformance periodically. Only 2,100 companies in the United States and 250

companies in Canada have achieved ISO 9001 certification to date.

Conklin Instrument Corp. was founded in 1957 by Charles Conklin, who produced gauges for jet engine manufacturers. In 1972, Conklin began to design and manufacture custom products for telephone companies with construction of the company's existing corporate headquarters and factory beginning in 1973. Proud of its contributions to the telecommunications industry, Conklin formed its Atlanta Design Center in 1984, and continues to provide for research and development of digital telephone products which account for most of the company's current sales.

Charles Conklin had the dream that many Americans have. He wanted to do something he loved and to be successful doing it. His entrepreneurial spirit should be emulated by all young businessmen and women, for he took that risk in 1957 and his company is reaping the benefits today. Therefore, Mr. Speaker, I urge you and all Members to congratulate Conklin Instrument Corp. on this prestigious award and I thank them for their service to my district.

TRIBUTE TO FRANK BRUCE SMITH

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. HALL of Texas. Mr. Speaker, I rise today to pay tribute to a good friend and outstanding East Texan, Frank Bruce Smith of Tool, TX, who died recently at the age of 80. Bruce was a lifelong resident of Henderson County and a man of stature there. I always felt a kinship to Bruce and his wife, Willie Mae; actually, Willie Mae is related to my wife. Bruce spent a lifetime devoting his energies to help make Henderson County a better place in which to live, and his presence will be truly missed.

Born January 15, 1915, in Henderson County to Dan and Eula Smith, Bruce graduated from Mabank High School in 1934 and from Draughn's Business College in Dallas in 1937. He served 28 years with the Trinity River Authority, including serving as vice president, president, and chairman of the board. He was the only person to be appointed by five Governors.

Bruce also was involved in the oil and cattle industries. He was an active member of the Hard Hat Club, American and East Texas Petroleum Landman Association and Texas Independent Royalty Owner's Association. His cattle brand, "Big 4 Cattle Company," was recognized by Texas A&M University on its new agricultural building, the Calhoun Building, in College Station. Bruce gave his strong support to the Henderson County Fair Board, Henderson County Agricultural Board and Southwestern Cattle Raisers' Conventions.

In addition to his many business responsibilities, Bruce devoted countless hours to community service, particularly in the area of education. He was a past board member of Malakoff Independent School District and at the time of his death was a member of the board of trustees of Trinity Valley Community

College. He was a contributor to the Henderson County Historical Association and Henderson County Library.

Bruce also was a member of the Lions Club and was a 32nd degree Mason. He supported the Boy Scouts of America, East Texas Medical Center, Henderson County Fairgrounds, and Optimist Club, which honored him with its Friends of Youth award. His service included the boards of many banks and savings and loan associations, and he was a board member of First National Bank of Athens at the time of his death. He was a long-time member of Providence Baptist Church in Tool.

Bruce is survived by his wife, Willie Mae Landrum Smith of Tool; two daughters and sons-in-law, Carolyn Sue and Kenneth Davis, and Janice Ann and Ronnie Brown; two granddaughters, Annsley Carol Brown and Keeley Lauren Brown; three sisters, Betty Rogers of Irving, Lometa Johnson of Tool, and Frances Monroe of Malakoff; and four brothers, Orvil Smith and Ray Smith, both of Tool, Jackie Smith of Tyler, and Pat Smith of Dallas.

Mr. Speaker, as we adjourn today, I would like to join his family and many friends in paying our last respects to Bruce Smith and in thanking him for his many contributions. His legacy will be felt for generations to come.

INTRODUCTION OF NATIONAL PARK SCENIC OVERFLIGHT CONCESSIONS ACT

HON. DAVID E. SKAGGS

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. SKAGGS. Mr. Speaker, I am today introducing a bill to clarify the authority of the Secretary of the Interior to properly regulate airborne tourism in units of the National Park System.

The bill responds to a growing problem at a number of parks. In particular, I am concerned about current proposals for helicopter sightseeing at Rocky Mountain National Park, in Colorado, which could seriously detract from the enjoyment of other park visitors and also could have serious adverse impacts on the resources and values of the park itself.

While I believe that the National Park Service has both the mission and the authority to properly regulate such overflights, I think Congress should act to remove any doubts about that authority and to make sure that the American people—who own the National Parks—receive an appropriate share of the profits from such operations, through the payment of concession franchise fees. My bill is intended to achieve those goals.

The bill is entitled the "National Park Scenic Overflights Concessions Act of 1995." It is similar to legislation introduced in the 103d Congress by our colleague from Montana, Mr. WILLIAMS.

The bill would amend the 1965 law under which the National Park Service awards and manages concession contracts, to provide that commercial sightseeing flights over National Parks System units could be carried out only by companies who had been awarded a concession contract for such services.

In addition, the bill would require the Secretary of the Interior to develop guidelines for deciding whether or not to award proposed concession contracts for commercial sightseeing flights over National Park System units, taking into consideration the laws, policies, and plans that govern management of the parks and the recommendations of the Federal Aviation Administration [FAA] concerning aircraft safety.

The bill would require the FAA to place greater emphasis on reducing the problem of aircraft noise in parks and to work with the National Park Service to develop better ways of identifying and reporting low-overflight incidents in the parks.

Finally, the bill would require a report from the National Park Service and the FAA on progress made in the next 3 years in mitigating the adverse impact of overflights at National Park System units.

Mr. Speaker, I was very disappointed that comprehensive reform of National Park System concessions was not achieved last year, especially since the House passed a sound, balanced concessions reform bill by an overwhelming vote only to see the measure die in the Senate's end-of-session gridlock. I continue to support comprehensive concession reform, and have cosponsored a concession reform bill introduced by our colleague from Kansas, Mrs. MEYERS. I urge the Resources Committee to either include the provisions of the bill I am introducing today as part of any comprehensive concessions bill they report to the House, or to act promptly on my bill as a free-standing measure.

IN HONOR OF HELEN GARRETT
ALDER

HON. FORTNEY PETE STARK

OF CALIFORNIA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. STARK. Mr. Speaker, I rise today to recognize the achievements of Ms. Helen Garrett Alder who is retiring after 31 years of dedicated service to the schoolchildren of California's 13th Congressional District.

Ms. Alder was born in Evansville, IN, and completed her undergraduate studies at Tuskegee Institute University in 1949. She earned her master's degree in education from Texas Southern University in Houston, TX. After coming to California, Ms. Alder began teaching in the Oakland Unified School District while continuing her education at Stanford University and the University of California at Berkeley.

She began teaching physical education at Bret Harte Junior High and later moved to Skyline High School where she taught American Government, economics, and social studies. She also coached the girls' basketball and softball teams, was director of the cheerleaders and pesters and served as the department chair of student activities. Ms. Alder also taught driver's education and training and was an instructor at Edward Shands Adult School in Oakland.

Mr. Speaker, I am proud to recognize Ms. Helen Garrett Alder for her commitment to the

children of the Oakland Unified School District and am certain that she will be sorely missed. I hope that you and my colleagues will join me in wishing Ms. Alder much happiness and success in her future endeavors.

DISMANTLEMENT OF THE ENERGY DEPARTMENT

HON. WAYNE ALLARD

OF COLORADO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. ALLARD. Mr. Speaker, included in the House budget resolution Report 104-120 is a statement by Budget Committee member Earl Pomeroy that the majority party intends to privatize the dismantlement of nuclear weapons, a function presently performed by the Department of Energy [DOE]. This is inaccurate.

The House Republican Energy Department task force recommendation calls for elimination of the DOE over several years. This will save taxpayers billions of dollars and begin the process of downsizing the Federal Government. The task force recommendation includes the creation of an independent civilian agency within the Department of Defense to manage the dismantlement of nuclear weapons and the cleanup of nuclear waste. This independent agency would be called the Defense Nuclear Programs Agency, and there would be consultation with the Environmental Protection Agency on cleanup activities.

POSTMARK PROMPT PAYMENT ACT OF 1995

HON. JOHN M. McHUGH

OF NEW YORK

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. McHUGH. Mr. Speaker, we have an opportunity to remedy one of the unfair burdens placed upon the conscientious citizens of this country who pay their bills on time but, who through no fault of their own, are slapped with interest charges because of the delays of others.

Over the years, many of us have been contacted by constituents who have incurred problems with payments they have mailed and were not delivered on time. It has even been suggested that some creditors go as far as to slow down the process as payment due dates approach so as to allow interest charges to accrue. This usually results in late fees and can even affect credit ratings.

Mr. Speaker, if this sounds familiar, it is because this problem is a frequently discussed topic on Talknet, a radio show hosted by Bruce Williams. The focus of Bruce Williams' show is on the life in the real world concerns of his listeners.

Today I am introducing the Postmark Prompt Payment Act of 1995 to correct this inequity by allowing the postmark on the envelope containing the payment to be proof of timely payment. The use of the postmark has precedence in contract law. For example, the Internal Revenue Service uses the postmark on envelopes as proof that taxpayers mailed

income tax returns on or before the April 15 deadline, regardless of when the IRS received the payment. If the IRS uses the postmark as proof of timely payment, then why can't the banks or credit card companies?

This legislation would not apply to any other type of payment other than on a bill, invoice or statement of account due and would only apply to payments made through the mail and excludes metered mail. Furthermore, the envelope would have to be correctly addressed to the payee and have adequate postage affixed to it.

Mr. Speaker, this legislation has 20 original cosponsors. I believe everyone who values their good credit will benefit from this legislation. Let's show the American people our resolve to remedy the payment due problem.

FALCONS THREEPEAT

HON. CONSTANCE A. MORELLA

OF MARYLAND

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mrs. MORELLA. Mr. Speaker, on June 4, the Montgomery Soccer Inc. Falcons U-12 girls team won its third consecutive Maryland State Cup championship, defeating the Soccer Club of Baltimore Flames, 2-1. The win qualifies the Falcons to represent Maryland in the Eastern Regional Championship Tournament in Niagara Falls this weekend. The win was especially meaningful for the Falcon players and their parents and for coach Harry Martens and assistant coach Chrissie Gardner, as the game was dedicated to the memory of E Soo Kim, father of goalie Chris Kim.

Forward Laura Hur recorded the first goal of the game, with an assist by Lane Fogarty, who had an outstanding day and was voted game MVP by tournament officials. The Falcons mid fielders and defenders, Beth Hendricks, Christie Bird, Audra Poulin, Carrie Smith, Amy Salomon, Lindsey Henderson, Caitlin Curtis, Kerry Fleisher, Alexis Byrd, Tara Quinn and Megan Corey held the Flames to just three shots and no goals during the first half. The Falcons' forwards, Fogarty, Hur, Jenny Potter and Kim Sperling, kept the pressure on the Flames. Forward Jeanie Bowers was injured, but hoped to be ready for the Eastern Regionals. The Falcons reached the finals of the State Cup by winning all four of their State Cup Round Robin Tournament matches, outscoring their opponents, 23-0.

Congratulations to the Falcons and best wishes for success in the Eastern Tournament.

SALUTING LT. CLAUDIA J. CAMP, USCG

HON. JACK FIELDS

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. FIELDS of Texas. Mr. Speaker, earlier this month, U.S. Coast Guard Lt. Claudia J. Camp left her position as the Coast Guard's assistant liaison officer to the House of Representatives, and I wanted to take a moment

to publicly thank her for the assistance she lent to my office and staff, and for the assistance she provided to this institution and all its members.

I worked with Claudia closely from 1993 to 1995, when I served as the ranking Republican member of the House Merchant Marine and Fisheries Committee. During those years, she and her fellow Coast Guard liaison officers repeatedly went out of their way to be helpful to those of us on the Merchant Marine and Fisheries Committee. Their assistance and advice helped those of us responsible for overseeing the Coast Guard's operations to better understand the needs of the men and women in the Coast Guard as they worked to carry out their many diverse missions.

Claudia graduated from the University of California at Los Angeles in 1982, after which she entered—and graduated from—the Coast Guard's training center in Cape May, NJ. She graduated, I might add, first in her class of 120 men and women, and as the recipient of the Female Leadership Award and the Marlinspike Seamanship Award.

Following her graduation, Claudia served as a boatswain's mate aboard the Coast Guard's tall ship USCGC *Eagle*. She participated in a bicentennial voyage from the United States to Australia and back. Following her time aboard the USCGC *Eagle*, Claudia served as a petty officer at the Coast Guard Station Fort Point, in San Francisco. In her position as a coxswain on a 44-foot motor life boat, Claudia regularly participated in search and rescue missions in the San Francisco Bay area, which is so infamous for its treacherous currents.

Next, Claudia attended Officer Candidate School in Yorktown, VA, graduating in the top quarter of her class in December 1990. Following her graduation, Claudia was assigned to the USCGC *Steadfast*, based in St. Petersburg, FL. Aboard the *Steadfast*, Claudia served as a deck watch officer responsible for conning and navigation. Later, she served as the 1st lieutenant and as a maritime law enforcement boarding officer. She continued her drug interdiction and maritime safety work as an executive officer on board the USCGC *Metompkin*, based in Charleston, SC. In that post, she conducted numerous fisheries boardings and drug inspections.

It was from the *Metompkin* that Claudia came to Capitol Hill. I know that Claudia loves the Coast Guard, and she's participated in many of the Coast Guard's diverse missions. While answering congressional inquiries; assisting in the preparation of congressional testimony; serving as a White House social aide; explaining the Coast Guard's mission and its needs to congressional staffers and Members of Congress; planning and participating in congressional delegation visits to various Coast Guard units; and escorting the Coast Guard commandant, the vice commandant and various admirals to appointments on Capitol Hill is not quite as exciting as rescuing a vessel in distress, or boarding a vessel suspected of hauling illegal drugs. Claudia handled her duties here on Capitol Hill in the same professional, courteous and knowledgeable manner that has characterized her service throughout her years in the Coast Guard.

Mr. Speaker, I have often expressed my admiration for the men and women of the U.S.

Coast Guard—and the dedication to service and to excellence with which they approach their duties. Lt. Claudia J. Camp is one such Coast Guard officer, and I appreciate this opportunity to thank her for the assistance she has provided to us on Capitol Hill, and to wish her well in her new assignment as captain of the USCGC *Matagorda*, a 110-foot patrol boat in Miami. All of us owe her, and the Coast Guard, our admiration and thanks.

Thank you, Mr. Speaker.

IN RECOGNITION OF KATHLEEN HILL BECKNELL

HON. RALPH M. HALL

OF TEXAS

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. HALL of Texas. Mr. Speaker, I rise today to pay tribute to a living legend from Emory, TX—Kathleen Hill Becknell, who at the age of 88 remains the active editor and publisher of The Rains County Leader. Kathleen—"Kat" as she is known to her friends—has managed the weekly newspaper since 1963 and recently was honored during the Founders Day ceremony in Emory, which I had the privilege of attending. The Texas State Senate also recognized Kathleen's contributions to the county through a resolution introduced by State Senator David Cain, who also attended the ceremony.

The Rains County Leader is the oldest business in Rains County. It began publication as the *Argus/Record* in 1896, and in 1909 Kathleen's father, Tom Hill, became the editor and owner, a position he held until his death in 1937. His son, Earl Clyde Hill, took over operations until his death in 1960, at which time Earl Clyde Hill Jr. assumed the job. In 1963 Kathleen became the editor and publisher.

Kathleen was married to Bo Gunter, who died in 1956, and then was married to George Becknell in 1960, who died in 1980. When Kathleen became editor of the Leader, George began street sales of the newspaper in surrounding towns, resulting in over 1,000 papers now being sold on the streets of Point, East Tawakoni, Emory, Lone Oak and Alba.

Mr. Speaker, people like Kathleen Becknell represent the heart and soul of small-town America. She has devoted a lifetime to her town and county. Born and raised there, she chose to reside there all her life, and her loyalty and devotion to the people of Rains County are evidenced each week in the pages of The Rains County Leader.

As we adjourn today, Mr. Speaker, let us pay tribute to Kathleen Hill Becknell of Emory, TX, for a job well done and a life well lived. May she enjoy many more years as a community leader, newspaper editor, and legendary citizen of Rains County.

CONSUMER AUTO-TAX RELIEF ACT OF 1995

HON. SHERROD BROWN

OF OHIO

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. BROWN of Ohio. Mr. Speaker, I rise today to introduce legislation that will offer support to one of America's most important industries. As American car-makers face unfair competition abroad, the Consumer Auto-tax Relief Act of 1995, will give a valuable shot in the arm to the domestic auto market.

Yesterday, in a dangerous game of brinkmanship, the administration and Japanese negotiators only narrowly averted an all out trade war. While I applaud the administration for taking a tough trade position with the Japanese and appreciate the promise of more accessible Japanese markets, this strategy only addresses part of the problem I want to solve. The C.A.R. Act of 1995 carefully crafts language that benefits an entire spectrum of interests. The C.A.R. Act offers us tax relief for middle-class families, support for our domestic auto industry, and a chance for a cleaner environment. By supporting this bill, we can stand up for American consumers, American business, and American workers.

The C.A.R. Act is simple. It restores the deductibility of interest on loans for any car under \$35,000 with at least 60 percent domestic content, according to the standards established in the American Automobile Labeling Act of 1993.

Besides the obvious benefit to American car manufacturers, the C.A.R. Act benefits taxpayers by offering much needed tax relief. This Congress we have heard a lot about the benefits of tax relief, but rarely have we offered measures that benefit both business and middle-class interests. The C.A.R. Act offers us a chance to offer real relief, to real people and help the business community in a truly positive way.

In 1994, the average interest payments on a new car amounted to \$1,574 annually. Restoring the deductibility of these payments would make automobiles more affordable to people who depend on automobiles for transportation. Americans have a unique driving culture in that we use our cars for everything from going to work to going on vacation. Parents take their children to after school activities, students drive to school, families take road trips and employees get to work—all in their cars. The fact is, most families need a car to do even routine chores like shopping for groceries. By offering this deduction, the C.A.R. Act makes this necessary mode of transportation more accessible to everyone. This is truly a progressive tax break.

In addition to making American cars more accessible to everyone, the C.A.R. Act gets older cars off our roads and gives us cleaner air. As consumers take advantage of the benefits of the C.A.R. Act, older cars will be replaced with newer, cleaner burning, and more fuel efficient models that will go a long way in preserving the quality of our air. Again, the C.A.R. Act is a common sense move, not only for American jobs, industry and taxpayers, but also for our environment.

The C.A.R. Act does still more. By defining an American car by content level, the C.A.R. Act also encourages foreign owned manufacturers to purchase American made parts. Currently, most foreign cars built in the United States and Canada have approximately a 48-percent American content. In response to this initiative, foreign companies that build in the United States and Canada may choose to purchase more American made parts to allow their cars to qualify for the deduction. This represents just another benefit to America's auto industry.

The U.S. Trade Representative tells us that fully one-third of all autos sold in the U.S. domestic market are foreign. Until we see corrective action to improve our trade imbalance with Japan, we must support the C.A.R. Act and other measures like it to show American auto industry workers, manufacturers, and consumers that we appreciate their efforts and care about the work they do. In my hometown of Lorain, OH, 3,800 people at the Lorain Ford auto plant(s) depend on me to do everything I can to protect American jobs, markets, and industry. The C.A.R. Act gives us all the chance to do just that.

Finally, I would like to acknowledge Ford, Chrysler, General Motors and the American Automobile Manufacturers Association for responding to my calls for assistance with creating an incentive not only to buy American cars, but also to support middle-class families. Their assistance was invaluable, and I appreciate their input. They understand, as I do, that the C.A.R. Act represents an opportunity for American industry, American workers and middle-class taxpayers. It means more jobs, greater production and a boost to our economy.

The auto industry is the cornerstone of the American industrial base, and it deserves our support. In 1994 alone, America's car companies contributed almost 11 percent to the growth in the U.S. gross domestic product and directly employed 2.3 million workers. Encourage consumers to buy American cars and show your support for our domestic industry by co-sponsoring C.A.R. Act of 1995. Give American consumers a break and show the world we mean business.

Thank you.

SECURITIZATION ENHANCEMENT ACT OF 1995

HON. E. CLAY SHAW, JR.

OF FLORIDA

IN THE HOUSE OF REPRESENTATIVES

Thursday, June 29, 1995

Mr. SHAW. Mr. Speaker, today I, along with Congressman RANGEL, am introducing the Securitization Enhancement Act of 1995. We are privileged to be joined by Representatives ZIMMER, McDERMOTT, PAYNE, KENNELLY, CARDIN, ENGLISH, SAM JOHNSON, HANCOCK, CHRISTENSEN, NEAL, CRANE, THOMAS, COLLINS, KLECZKA, DUNN, HOUGHTON, MATSUI, NANCY JOHNSON, HERGER, NUSSLE and PORTMAN in introducing this important legislation that will assist small business in gaining access to capital and promote safety and soundness in the Nation's banking system. It will do so by

simplifying the tax rules governing the securitization of asset-backed securities in a user-friendly fashion.

We also have an additional piece of good news. Whenever the Congress considers tax legislation, one of the first questions asked is how much will this cost. Fortunately, this legislation is revenue neutral and will not add to our budget deficit. Indeed, the bill actually raises \$87 million over 5 years, \$92 million over ten, without raising any taxes.

This bill builds upon the success of legislation enacted by Congress in 1986—the Real Estate Mortgage Investment Conduit [REMIC] provisions of the Tax Reform Act of 1986—which specified the tax rules for securitizing home mortgages.

The legislation creates a new tax vehicle similar to a REMIC known as a Financial Securitization Investment Trust [FASIT]. Unlike REMIC, which applies only to home mortgages, FASIT is available to all forms of debt, including small business, consumer, student and auto loans, among others. Our experience with REMIC suggests that facilitating securitization for such loans will greatly expand credit availability.

The Benefits of Securitization.—Securitization is the process whereby banks and other lenders package relatively illiquid loans and turn them into highly liquid marketable securities that relay for their creditworthiness solely on the underlying loans or on other guarantees provided by the private sector. Assistant Secretary of the Treasury Richard Carnell has described the securitization process as follows:

By "securitization," I mean the process of transforming financial assets, such as loans, into securities that in turn convert into cash over time. One converts loans into securities by assembling a pool of loans and selling them to a special-purpose entity, often a trust. That entity then issues securities representing a debt or equity interest in the loan pool. The cash flow generated by the loans finances payments on the securities. (Statement of the Honorable Richard S. Carnell, Assistant Secretary for Financial Institutions, United States Department of the Treasury, on the Administration's Views on the Loan Securitization Provisions of the Community Development, Credit Enhancement, and Regulatory Improvement Act of 1994, Subcommittee of Telecommunications and Finance, Committee on Energy and Commerce, United States House of Representatives, June 14, 1994 at 1.)

The advantages of securitization are several:

First, because securitization increases the amount of information investors have about the risks involved in holding a pool of loans, investors become more comfortable with those risks and more willing to invest in the pool.

Second, securitization makes it possible to segment the different categories or types of economic risk associated with a pool of loans. As a result, it is often possible to make a better match between various risks and the investors that are most knowledgeable about undertaking those risks.

Third, by converting a pool of loans into a marketable security—even if that security is retained by the original lender—the loans become more liquid and therefore more valuable. Liquidity also makes for safer and sounder financial markets.

Fourth, by increasing information, risk segmentation, and liquidity, securitization makes it easier for lenders and investors to achieve appropriate diversification of their portfolios. Diversification can also help prevent a localized economic problem—such as a sudden change in the price of energy, real estate, or other commodities crucial to a local economy—from dragging down all of an area's local financial institutions and potentially causing serious regional or national financial problems.

Avoiding Future Credit Crunches.—We all remember the credit crunch of the late eighties and early nineties that so hurt small businesses throughout the country. While this problem has receded somewhat, it remains a serious one. However, while small business was finding credit hard to come by, home buyers experienced unprecedented credit availability during this same period. For example, in 1986 the total size of the home mortgage market was approximately \$2.5 trillion, with about \$500 billion in home mortgages being securitized or sold in the secondary market. Six years later, in 1992, the size of the home mortgage market had grown to \$4 trillion, over half of which was securitized. Virtually 100 percent of all fixed rate home mortgages are now sold in the secondary market.

Since 1986, the total supply of home mortgage money has been steadily increasing, even though the portion supplied without reliance on securitization has been declining both as a percentage, and, most recently, as an absolute amount. Clearly, without securitization we would not have had the large increase in credit availability in the home mortgage market that occurred since 1986.

REMIC may well be the most successful and perhaps the least known success emanating from the Tax Reform Act of 1986. Simply put, REMIC prevented the credit crunch from infecting the home mortgage market, to the everlasting benefit of millions of homeowners throughout the country.

FASITs and Small Business.—FASITs can do for other forms of debt, particularly small business loans, what REMIC accomplished for home mortgages. Securitization of other forms of non-mortgage debt is virtually in its infancy. In 1992 only about \$120 billion in non-mortgage debt was securitized. Most of the debt involved revolving credit and auto loans. We know from experience with REMIC that there is almost a one-to-one ratio for increased securitization and increased credit availability.

There is every reason to believe that the economic and business benefits of securitization will be seized upon by lenders and borrowers alike in these other areas. As the administration has pointed out, "[s]ecuritization benefits borrowers by making credit cheaper and more readily available. . . . Securitization could help make small businesses less susceptible to problems in the banking system insofar as it gives those businesses access to national and international credit markets, through banks or other financial institutions." (Carnell statement, *supra* at 2-3.)

Last year Congress enacted the Community Development, Credit Enhancement, and Regulatory Improvement Act of 1994. That legislation made a number of changes in the securities laws intended to facilitate securitization of

small business loans. When that legislation was introduced a provision was included authorizing Treasury to issue regulations regarding the tax rules for such securitizations. This provision was dropped, but the need for clear tax rules to guide small business and other nonmortgage securitizations remains.

FASIT completes the unfinished business of the Community Development Bank Act. As the Administration noted in its 1994 testimony:

We believe that securitization has the potential to increase lending to small businesses. Offering loan originators the opportunity to sell pools of small business loans to investors should help free up resources that can be used to make more such loans. By making small business loans more liquid, securitization should make them more attractive to originate and to hold. Securitization should also bring new sources of funds to small- and medium-sized business lending by enabling investors who do not lend directly to small businesses—such as pension funds, insurance companies, trust departments, and other institutional investors—to invest in small business loans made by other financial institutions, including banks that are effective originators of such loans but that may not want to hold all loans originated on their balance sheets. (Carnell statement, *supra* at 6-7.)

The administration further stated that:

[S]ecuritization should reduce the cost of borrowing for small businesses. Small business borrowers pay higher interest rates for credit in part because their loans are illiquid. If an active secondary market for small business loans existed, interest rates in that market would influence rates in the loan origination market. If rates and yields were high in the securitized loan market, banks and other loan originators would be eager to have more loans to sell. They would signal this interest to borrowers by slightly lowering their interest rates to them, inviting borrowers to seek more credit or permitting previously marginal borrowers to afford credit. (Carnell statement, *supra* at 7.)

FASIT's and Safety and Soundness Concerns.—Although facilitating asset securitizations will, as the SEC noted, help small business gain access to needed capital, this legislation will also be of direct benefit to the taxpayer. We need only look back to the recent thrift crisis to see the tremendous costs to the taxpayer that can come about as a result of Federal deposit insurance.

Had REMIC or FASIT been in place in the late seventies, it is unlikely that the taxpayer would ever have had to bail out thrift depositors. In the last seventies, thrifts found themselves holding low interest rate mortgages at a time when their cost of funds was skyrocketing. To counteract these financial pressures, thrifts sought additional powers to engage in potentially more profitable, but also more risky activities. When these efforts proved to be unsuccessful, many thrifts failed, and the taxpayer had to finance a bailout costing billions.

Simply put, if banks can sell off their loans to the secondary market, the risk that the loans may possibly default is assumed by the capital markets rather than the taxpayer through the deposit insurance system. Had thrifts been able to sell off their low interest rate mortgages in the seventies, the mismatch between their earnings and cost of funds would have been avoided, and the taxpayer

spared much later expense. FASIT, by facilitating securitization of non-mortgage debt, will allow for a much safer and sounder banking industry, and, at the same time, reduce the potential exposure now borne by the taxpayer in the event that such loans go bad.

The Tax Treatment of Asset Securitization.—In many ways the FASIT legislation is the tax code counterpart to the SEC's actions to promote asset securitization. Like the SEC's actions, FASIT would eliminate much of the disparity in tax treatment between certain selected classes or types of assets, which are currently allowed to obtain direct access to the capital markets through statutorily sanctioned vehicles, and other types or classes of assets which do not yet enjoy that treatment under the tax law. FASIT accomplishes this through a generic rule, like the SEC's approach, which allows all types of loans to be securitized as long as appropriate structural limitations and safeguards are in place.

By moving to a generic approach, FASIT represents a first step towards rationalizing the various pass-through vehicles that now exist in the Internal Revenue Code, including REMICs, REITs, RICs, and the like. Once the market becomes familiar with FASIT, it may well be possible, eventually, to do all forms of securitizations under the FASIT umbrella. However, given the already large markets that exist in these other areas such as REMIC, we believe it would be far preferable and much less disruptive to move gradually rather than precipitously to a one size fits all model.

Current Law Tax Treatment of Asset Securitization.—To understand exactly what FASIT does, and why it is beneficial, it is necessary to understand a little about the way asset securitizations are structured under current tax law.

Securitization of loans depends on the ability to pass through to investors all or a significant portion of the interest income that is earned on a pool of loans without the imposition of an intervening corporate tax. As a tax matter, this is essentially what occurs when a bank makes loans with funds that it has obtained from deposits or other borrowings. Corporate taxes are paid by the bank only on the portion of the interest income received that is not paid out as interest to its depositors or other creditors.

Traditional securitizations typically involve the use of a special purpose financing vehicle as the holder of the loans, and issue debt securities instead of raising funds from bank deposits, but the tax principle is the same. That is, assuming that the financing vehicle is a corporation, corporate taxes are paid only on the portion of the interest income received that is not paid out to the holders of debt instruments issued by the entity. As a result, the key tax issue is determining how best to structure the transaction so that the securities qualify as debt, rather than as an ownership interest in the special purpose entity.

With REMICs, or similar entities structured under the tax law as fixed investment trusts or partnerships, the task of securitizing loans becomes much easier because 100 percent of the income paid out to investors is passed through without the imposition of an intervening corporate tax. This complete pass-through treatment is available regardless of whether

the securities are classified as debt or as equity. Thus, the problem of determining how best to structure a security so that it satisfies the business objectives of the parties and still qualifies as debt for tax purposes is eliminated.

FASITs and Asset Securitization.—Like the REMIC provisions before it, the FASIT legislation will help make loan securitization easier by creating a new pass-through structure specifically designed for loan securitization. Unlike REMICs, FASITs will be available for all types of loans or other instruments treated as debt for Federal income tax purposes.

Although the FASIT itself will not be subject to any tax, its net income will be included in the United States income tax return of its owner or owners, and thus will, in virtually all cases, be subject to corporate income tax. The only exception is a provision intended to facilitate small business loan securitizations, which allows businesses operated as partnerships or S corporations to retain ownership of FASITs used to securitize loans to their customers, such as trade receivables.

Loans will be transferred or sold to the FASIT so that it can issue securities backed by loans it has acquired. As with REMICs, FASITs will be permitted to issue securities that qualify as debt of the FASIT for Federal income tax purposes even though they are issued in non-debt form for State law purposes. This latter point reflects the fact that the assets of the FASIT are the sole source of payments on the securities, and that any risk of loss on the assets that is borne by the owners of the FASIT has been limited to a reasonably estimable amount. At the same time, treating such certificates as debt of the FASIT for tax purposes means that the portion of FASIT income passed through to the holders of the certificates is not included in the FASIT income that is passed through to the corporate owners of the FASIT.

The FASIT legislation makes the rules for qualifying securities as debt, based upon their economic substance, clearer and more straightforward. In so doing, FASIT makes the tax rules governing the most advanced type of securitization structures more accessible to a wider variety of issuers and their tax counsel, thus creating a more liquid and more efficient marketplace.

In addition to making the applicable legal rules and standards more accessible, FASIT will also ease some of the common law rules that are generally perceived as governing these types of transactions.

Under current case law, securities purporting to qualify as debt for tax purposes generally must have a high investment grade rating of "A" or better. Under the FASIT legislation, debt securities can be issued as long as they do not have a yield that is more than 5 percentage points higher than the yield on Treasury obligations with a comparable maturity, which will permit more subordinated debt securities to be issued. Even debt securities at the top end of that yield limitation are still fundamentally debtlike, as the 5 percentage point standard is borrowed from current tax law rules governing when certain high yield discount bonds will be subject to special rules deferring accrued interest deductions. (See, section 163(e)(5), Internal Revenue Code of

1986.) These rules effectively assume that obligations yielding 5 points more than Treasury bonds could and do qualify as debt. Thus, FASIT legislation will not be authorizing the issuance of debt securities that are fundamentally different from debt securities that are currently outstanding in the markets.

The yield limitation, which limits how much income can be passed through to the holders of FASIT debt instruments, is important because all remaining income—the income associated with the true equity like risk of investing in a pool of loans—will be taxable to the U.S. banks or other U.S. corporations that retain or acquire the ownership interests of the FASIT.

Securitization has been driven by economic, not tax considerations. Consequently, we have exercised great care to ensure that this legislation contains no loopholes or gimmicks. Strong antiabuse provisions are also included to prevent any gamesmanship.

Not only is this legislation devoid of any loopholes, it actually raises \$92 million over 10 years. When a loan or an asset is transferred

by the bank to the FASIT, there is an immediate recognition of gain. For example, assume that a loan will generate \$10 of income each year over a 10-year period. When the loan is transferred to the FASIT, the present value of the entire \$100 of income generated by the loan is recognized. In effect, this phenomenon is identical to an acceleration of estimated taxes, and the result is that the revenues lost by relieving the burden of the corporate level tax on the entity level is more than offset.

Mr. Speaker, this FASIT legislation promises to be a great benefit to the Nation's small businesses, which often have difficulty gaining access to needed capital. We have seen the tremendous success of REMIC in developing a secondary market for home mortgages. If FASIT is even half as successful as REMIC, we will have enacted the most important legislation in history for small business.

In addition to helping small business and others gain access to capital, this legislation

protects the taxpayer from being forced to finance possible future bailouts for the banking industry. This legislation will promote safety and soundness of the banking system and spread the risks of loans throughout the capital markets rather than allowing them to be concentrated in one area, with the Federal Government the ultimate guarantor.

This legislation also simplifies the tax rules governing securitization of asset-backed securities and creates a single vehicle available for all forms of non-mortgage debt and, eventually, FASITs may even supplant REMICs as the vehicle of choice for all securitizations.

Finally, unlike many worthy tax measures which seem beyond our grasp because of budgetary constraints, this legislation actually raises money without raising taxes.

I am proud to have introduced this fine piece of legislation, and I urge my colleagues to join with me to see that FASIT is enacted in 1995.